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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973.

No. 73-825

AMERICAN HOME PRODUCTS CORPORATION,
Petitioner,

vs.

LOCKWOOD MANUFACTURING COMPANY,
Respondent.

PETITIONERS'S REPLY BRIEF ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

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Summary of Reply.

Respondent's brief in opposition to the petition for writ of certiorari argues long and hard about the *detriment* it allegedly suffered while petitioner was engaged in litigation with their mutual competitor, Chicago Metallic, in the courts of the Seventh Circuit. Respondent is noticeably silent on the points underlying the issue presented for review in this case:

1. Laches requires not only detriment but also *legally unexcused delay* by the party asserting a right before equity will countenance the confiscation of the valuable right.

2. Petitioner's delay in suing respondent during the period it was litigating the *same patents* against Chicago

Metallic in the courts of the Seventh Circuit was *legally excused delay* in every other Circuit that has ever treated the precise issue.

3. The legal issue herein results from a clear misapplication of non-analogous precedent by the Sixth Circuit and the failure to apply directly analogous precedent —all flowing from a misinterpretation or a misunderstanding of the precedent. Petitioner gave totally adequate notice of its continuing insistence on its rights *both* by a formal, written notice of infringement and by the institution of suit on its patents in the courts of the Seventh Circuit. If respondent reacted to its detriment, then the detriment is attributable solely to it and arises out of respondent's ignorance of the law. Petitioner acted totally in accordance with the law as pronounced by every Circuit that has ever dealt with the issue.

4. The *ex post facto* creation by the Sixth Circuit of additional written notice obligations presents an insurmountable barrier to the enforcement of a statutory right for all those who, like petitioner, relied over the past fifteen years on consistently and uniformly expressed rules of law regarding notice where litigation *on the same patents* is proceeding against third parties in other judicial forums.

Equity follows the law. But in this case, in support of a finding of laches, the Sixth Circuit felt compelled to impose additional, written notice obligations on petitioner materially different from, contrary to, and inconsistent with those required by all other Circuits in identical situations. In doing so, the Sixth Circuit failed to discern the clearly enunciated *rule of law* followed by all other Circuits in situations where delay in suit results solely from litigation on the *identical patents* against a third party. Any detriment allegedly or actually suffered by respondent flowed from *legal risks* assumed by it:

1. Respondent gambled that it could outguess petitioner and foretell the ultimate decision of the Seventh Circuit; and

2. Respondent elected not to file a suit for declaratory judgment as was its right and obligation under all of the

reported decisions that deal with tolling of laches during a period when litigation on the *identical patents* is taking place in other courts.

The law, the statement of the case, and the argument contained in the main petition are sound. Respondent has completely failed to address itself to the issue of legally *excused* versus *unexcused* delay and has instead chosen to highlight its detriment while ignoring the issue of who was legally responsible for that detriment. Respondent's silence itself is evidence of the Sixth Circuit's misreliance on inapplicable case law. Even respondent cannot find legal support for the Sixth Circuit decision.

Respondent's Cases Do Not Treat the Issue Involved Herein and Are Not in Point.

As pointed out in the main petition, respondent's cases are simply not in point. This is the first time that any court anywhere has failed to excuse delay in instituting suit while other litigation on the *identical patents* was pending in other courts.

1. In *Baker* v. *Whitewater*, 430 F. 2d 1008 (7th Cir. 1970) (p. 16 of respondent's brief), there was no other litigation at any time, anywhere, on the same patents. The cases are unanimous in stating that the other litigation, had it existed, would have constituted legal notice to all other infringers.

2. In *Continental Coatings* v. *Metco*, 464 F. 2d 1375 (7th Cir. 1972) (p. 17 of respondent's brief), there was no other litigation at any time, anywhere, on the patents in suit.

3. *Anchor Stove and Range Co.* v. *Montgomery Ward & Co.*, 114 F. 2d 893 (7th Cir. 1940) (p. 17 of respondent's brief) did not even involve patent litigation.

4. *Remington Rand* v. *Acme Card System*, 29 F. Supp. 192 (S. D. Ohio 1937) (p. 17 of respondent's brief), a District Court case, did not involve the "other litigation" issue since the plaintiff therein waited more than nine years after first charging the defendant with infringe-

> ment before it sued anyone. Unlike here, the patents were not enforced against anyone for the nine-year laches period.[1]

Respondent is simply not able to refute the compelling, directly applicable precedents from all other Circuits that have ever treated the issue. There are no cases to the contrary.

Respondent Had Both Actual and Legal Notice of the Insistence of Petitioner on Its Rights.

The Sixth Circuit acknowledged the fact that respondent had actual notice of petitioner's written charge of infringement *and* of the litigation between petitioner and Chicago Metallic in the Seventh Circuit. Evidence in support of this fact was overwhelming. Petitioner's interrogatories 10 and 11 were answered as follows:

> "Interrogatory No. 10. When did defendant first have knowledge of United States Patent No. 2,687,994 in suit? Explain the circumstances by which such knowledge was acquired.
>
> Answer to Interrogatory No. 10. As of the date of the organization of defendant which was approximately March 1, 1965, certain officers of defendant who had previously been officers of defendant's predecessor had knowledge of United States Patent No. 2,687,994. On information and

1. In *Remington*, the patents issued in 1922. (29 F. Supp. at 192.) The defendant therein had commenced production of its infringing cabinet in 1921 (29 F. Supp. at 195), and plaintiff had charged defendant with infringement on October 3, 1922, which charge was denied. (29 F. Supp. at 195.) Nothing followed. The "other litigation" in *Remington* did not commence until March of 1931 (29 F. Supp. at 197)—an elapsed time of nine years without any activity at all on the patents. The defendant in *Remington* was sued on July 2, 1935. Subtract the four years of the "other litigation" from Remington's thirteen years of delay between notice of infringement and suit and you have a period of nine years of totally unexplained delay—a period far in excess of the applicable Statute of Limitations.

belief this knowledge of defendant's officers was *first acquired by oral notices of infringement of said patent during the general period between August, 1954, and May, 1956,* by obtaining copies of said patent and by having the company patent attorney give opinions with respect thereto. Further knowledge was acquired on receipt of letter from Ekco Products Company dated September 24, 1956, charging defendant's predecessor company with infringement of the patent and enclosing a copy of the patent.

Interrogatory No. 11. When did defendant first have knowledge of United States Patent No. 2,724,526 in suit? Explain the circumstances by which such knowledge was acquired.

Answer to Interrogatory No. 11. Same answer as 10 except that on information and belief, defendant does not believe that its predecessor was orally notified of infringement of this patent until sometime after the issue date of November 22, 1955." (Emphasis added.) (R. pp. 60-61)

Mr. Leedy, respondent's Executive Vice President until 1965, testified:

"Q. Was the subject of the Chicago Metallic-Ekco suit brought up at Lockwood during the period of time you were there?

A. Many, many, many times.

Q. Can you tell me who participated in those conversations?

A. Howard Lockwood, Howard Kidd, Werner Noonan, Ray Pater, Charlie Phillips, and I wouldn't at all suspect but what it had been brought up at board meetings where either Joe Head and Les Meek had participated in it or had been present.

Q. Can you tell me what the reason was why the Ekco-Chicago Metallic suit was discussed at Lockwood?

A. Because we had a continuing concern as to what the outcome of the suit against Chicago Metallic was going to be.

Q. Can you tell me why you had this continuing concern?

A. Because we had been on notice back in 1956—" (R. pp. 883-884)

Faced with this unimpeachable and compelling evidence of knowledge and notice, the Sixth Circuit created, for the first time, an additional *written* notice duty that petitioner, having relied on established law, could not, at this late date, meet. The Sixth Circuit stated:

> "But if Ekco had intended to press its claim after the Chicago litigation, it surely would have (or should have) found time to send Lockwood a simple letter to that effect." (App. A5).
>
> * * * * *
>
> "However, the knowledge [by respondent] of the other litigation [petitioner versus Chicago Metallic] is not the important factor; the point is that Ekco never asserted to Lockwood that it intended to file similar litigation against it at the conclusion of the Chicago litigation." (App. A7).

Respondent's brief is replete with arguments that petitioner had many opportunities to reassert its claim against respondent during the *Chicago Metallic* litigation. The argument is a Damoclean sword. The other edge is that respondent had many opportunities to question petitioner about the status of its claim. Herein lies the legal issue since the law is clear that it was respondent's—not petitioner's silence that was culpable.

> "*A suit pending* to sustain the validity of a patent *is notice* to all infringers of the insistence of the patentee upon his claimed rights." *Montgomery Ward & Co.* v. *Clair*, 123 F. 2d 878, 883 (8th Cir. 1941). (Emphasis added.)

The duty to inquire was that of respondent, not that of petitioner:

> "While a patentee is getting his patent sustained he is not bound to assert his claims to their fullest scope by suing every conceivable infringer. There is today some reciprocity of duty in this regard; if a manufacturer fears that he will be charged to infringe, *he can always inquire of the patentee, and if the answer is unsatisfactory, he can bring an action for a declaratory judgment.*" Judge Learned Hand, in *Clair* v. *Kastar, Inc.*, 148 F. 2d 655, 646 (2nd Cir. 1945). (Emphasis added.)

The Sixth Circuit decision in this case has punished petitioner for *respondent's* unexcused silence and apparent ignorance of the law.

Respondent's Argument That the Product Patent Was Found Valid by the Seventh Circuit in 1963 Is Just Plain Wrong.

Respondent, on pages 6 and 7 of its brief in opposition, argues that the second patent—the '526 product patent—was held valid by the Seventh Circuit in its 1963 decision or, alternatively, that the product patent was somehow inferior, as a matter of law, to the process patent. Even the Sixth Circuit refused to adopt the first half of this argument. The argument, to be supported, requires a direct refutation of the Seventh Circuit's own decision since that Court, in its June, 1965 opinion, specifically observed that:

> "No judgment was rendered in this Court with reference to the merits of the [product patent]" in its 1963 opinion. (App. A54.)

There is no support whatsoever in law or in respondent's brief for the proposition that the product patent was less important than the process patent. Quite frequently it happens that an improvement invention is also appropriated by an infringer since the improvement is commercially exploitable. Such was true in this case since respondent was found to have deliberately infringed both the process *and* the product patents.

The fact is that litigation against Chicago Metallic on the product patent was in full bloom at the Court of Appeals level in June of 1965 (App. A53-56)[2] and litigation on both of the patents did not terminate until the entry of a Final Order on September 19, 1966. (App. A57.) The actual Court records (see Appendix to Petition) verify these facts.

2. Long after the so-called detriment suffered by respondent as a result of its decision to ignore the notice of infringement.

Conclusion.

Does or does not the existence of litigation on the *identical patents* substantially coextensive in time with the asserted period of delay serve as a bar, as a matter of law, to the assertion of laches, by a later sued infringer? Does such other litigation itself legally excuse delay in suing other infringers? The Second, Third, Seventh and Eighth Circuits have held unequivocally that it does. The Sixth Circuit, in the instant case, has held otherwise. Petitioner and all others who have relied on an unbroken series of decisions extending over a period of more than 75 years have seen their valuable statutory patent rights confiscated by the unique ruling of the Sixth Circuit which has, *ex post facto*, imposed an additional, insurmountable notice duty never required by, and totally inconsistent with, the rulings of the other Circuits.

Title 35 of the United States Code and the decisions of this Court and of the other Circuits recognize a public policy in having national uniformity in patent laws. The instant decision of the Sixth Circuit is in marked contrast to that policy, is bad law based entirely on a misreading of precedent, is irreconcilably in conflict with the other Circuits, and should be corrected by this Court.

Respectfully submitted,

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PROOF OF SERVICE.

The undersigned hereby certifies that he served three copies of the foregoing **PETITIONER'S REPLY BRIEF ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT** on

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this 4th day of January, 1974.

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